22 February 2016 **LSE: PDL**

Petra Diamonds Limited
("Petra", "the Company" or "the Group")

Interim results for the six months to 31 December 2015

Petra Diamonds Limited announces its interim results (unaudited) for the six months to 31 December 2015 ("the Period" or "H1 FY 2016" or "H1").

HIGHLIGHTS

Financial

- Revenue down 28% to US$154.0 million (H1 FY 2015: US$214.8 million); revenue excluding Exceptional Diamonds down 18% to US$144.0 million (H1 FY 2015: US$176.1 million).
- Adjusted EBITDA[3] down 43% to US$48.5 million (H1 FY 2015: US$84.9 million).
- Adjusted net profit after tax[4] down 85% to US$6.3 million (H1 FY 2015: US$42.8 million).
- Net loss after tax: US$2.2 million (H1 FY 2015: US$39.1 million profit).
- Operating cashflow US$45.6 million (H1 FY 2015: US$104.4 million).
- Adjusted EPS[8]: 0.92 US$ cents (H1 FY 2015: 6.66 US$ cents).
- Basic loss per share: 0.72 US$ cents (H1 FY 2015: EPS of 5.94 US$ cents).
- Net debt of US$323.9 million (H1 FY 2015: US$45.8 million) in line with expectations and aligned with planned increased capital spend.

Operations

- Production up 2% to 1,629,403 carats (H1 FY 2015: 1,601,069 carats).
- Costs remain well controlled; the weaker Rand had a positive effect on Petra's operating costs in US Dollar terms.
- Capex of US$151.3 million (H1 FY 2015: US$125.2 million) including capitalised borrowing costs, in accordance with the roll out of the Group's expansion programmes, delivery of which remains on track. Capex remains fully funded from treasury, bank facilities and cashflows.
- Safety: Group LTIFR of 0.37 (H1 FY 2015: 0.28); continued strong focus on this area.

Outlook

- On track for production guidance of 3.3 – 3.4 Mcts for FY 2016 and ca. 5 Mcts for FY 2019. Sales are also weighted to H2 due to the seasonal timing of Petra tenders.
- Post Period end, the Company has experienced stable diamond market conditions with firm prices achieved at the first tender of H2.
- Acquisition of a 49.9% stake in Kimberley Mines completed post Period end. Petra's production guidance excludes input from these operations; the Company will provide an update after the initial handover period.

Johan Dippenaar, CEO of Petra, commented:
"Operationally, the Company performed well, with both production and our expansion programmes progressing according to plan and in line with our full year targets.

"While our financial results have been impacted by the lower diamond prices achieved in comparison to the prior period, our operations maintained a healthy profit margin from mining activities of 36% due to the robust economics of our mines, as well as the favourable effect of the weaker ZAR on our cost base.

"Petra's production and sales are weighted to H2 and it is encouraging that we are currently experiencing stable diamond market conditions."

Analyst presentation and webcast
A presentation for analysts will be held at 9:30am GMT on 22 February 2016 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A live webcast of the analyst presentation will be available on Petra's website at www.petradiamonds.com and on the following link:
http://www.investis-live.com/petra-diamonds/56aa09bde491730c007b2bc9/ir-16.

A conference call line will also be available to allow participants to listen to the webcast by dialling one of the following numbers shortly before 9:30am GMT:

From the UK (toll free): 0800 368 0649
From South Africa (toll free): 0800 999 282
From the rest of the world: +44 20 3059 8125
Participant passcode: Petra Diamonds

A recording of the webcast will be available from 1:00pm GMT on 22 February 2016 on the website and on the link above.

Second Call – 4:00pm GMT / 11:00am EST
This will be a Q&A call only to cater for international investors. Participants are therefore advised to listen to the replay of the earlier webcast in advance, as the main management commentary will not be repeated.

From the United States (toll free): 1 866 928 7517
From the rest of the world: +44 203 428 1542
From the UK (toll free): 0808 237 0040
Participant passcode: 64688041#

SUMMARY OF RESULTS (unaudited)

	6 months to 31 December 2015 ("H1 FY 2016") US$ million	6 months to 31 December 2014 ("H1 FY 2015") US$ million	Year ended 30 June 2015 ("FY 2015") US$ million
Revenue	154.0	214.8	425.0
Adjusted mining and processing costs[1]	(99.6)	(122.9)	(272.7)
Other direct income	0.7	1.0	2.2
Profit from mining activity[2]	**55.1**	**92.9**	**154.5**
Exploration expense	(1.9)	(2.4)	(5.6)
Corporate overhead	(4.7)	(5.6)	(9.6)
Adjusted EBITDA[3]	**48.5**	**84.9**	**139.3**
Depreciation	(24.2)	(19.6)	(38.3)
Share-based expense	(2.4)	(2.8)	(6.6)
Net finance expense	(13.3)	(0.2)	(6.2)
Tax expense	(2.3)	(19.5)	(25.4)
Adjusted net profit after tax[4]	**6.3**	**42.8**	**62.8**
Net unrealised foreign exchange losses	(8.5)	(3.7)	(3.2)
Net (loss) / profit after tax	**(2.2)**	**39.1**	**59.6**
Earnings per share attributable to equity holders of the Company – US$ cents			
Basic (loss) / profit – from continuing operations	**(0.72)**	5.94	9.46
Adjusted basic profit from continuing operations[4]	**0.92**	6.66	10.09

	As at 31 December 2015 (US$ million)	As at 31 December 2014 (US$ million)	As at 30 June 2015 (US$ million)
Cash at bank (including restricted amounts)	42.1	129.6	166.6
Diamond debtors	1.4	—	57.6
Diamond inventories	57.4	43.6	33.5
US$ loan notes (including accrued interest)[5]	302.1	—	303.3
Bank loans and borrowings	63.9	175.4	35.0
Net debt[6]	323.9	45.8	171.7
Operating cashflow	45.6	104.4	132.4
Adjusted operating cashflow[7]	(5.1)	50.4	141.3

***Notes*:**
The Group uses several non-GAAP measures above and throughout this report, including adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share, adjusted operating cashflow, an adjusted US$ loan note and net debt. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Company's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

1. Adjusted mining and processing costs are mining and processing costs stated before depreciation and share-based expense.
2. Profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
3. Adjusted EBITDA is stated before depreciation, share-based expense, net finance expense, tax expense and net unrealised foreign exchange gains and losses.

4. Adjusted net profit after tax and adjusted basic earnings per share are net profit after tax and earnings per share stated before net unrealised foreign exchange gains.
5. The US$ loan note represents the gross capital of US$300 million and accrued interest of US$2.1 million (30 June 2015: US$3.3 million and 31 December 2014: US$nil), excluding transaction costs.
6. Net debt is the US$ loan notes and bank loans and borrowings net of cash at bank.
7. Adjusted operating cashflow is operating cashflow adjusted for the cash effect of the movement in diamond debtors between each financial year end, excluding unrealised foreign exchange translation movements.

For further information, please contact:

Petra Diamonds, London	Telephone: +44 20 7494 8203
Cathy Malins	cathy.malins@petradiamonds.com
Cornelia Grant	cornelia.grant@petradiamonds.com
Buchanan	Telephone: +44 20 7466 5000
(PR Adviser)	
Bobby Morse	bobbym@buchanan.uk.com
Anna Michniewicz	annam@buchanan.uk.com
RBC Capital Markets	Telephone: +44 20 7653 4000
(Joint Broker)	
Matthew Coakes	matthew.coakes@rbccm.com
Jonathan Hardy	jonathan.hardy@rbccm.com
Barclays	Telephone: +44 20 7623 2323
(Joint Broker)	
Bertie Whitehead	bertie.whitehead@barclays.com
Philip Drake	philip.e.drake@barclays.com

About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and an increasingly important supplier of rough diamonds to the international market. The Company has interests in six producing operations: four underground mines in South Africa (Finsch, Cullinan, Koffiefontein and Kimberley Underground), extensive tailings operations in Kimberley (via its interest in the Kimberley Mines) and one open pit mine in Tanzania (Williamson). It also maintains an exploration programme in Botswana.

Petra has a core objective to steadily increase annual production to ca. 5 million carats by FY 2019. The Group has a significant resource base of ca. 300 million carats.

Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL' and is a constituent of the FTSE4Good Index. For more information, visit the Company's website at www.petradiamonds.com.

CEO'S REVIEW

Petra has performed well operationally for the Period, exceeding its H1 target of 1.5 million carats, with a 2% increase in production on H1 FY 2015 to 1,629,403 carats. The Company remains firmly on track to meet full year guidance of 3.3 – 3.4 Mcts (excluding production from the newly acquired Kimberley Mines) and the longer-term target of ca. 5 Mcts by FY 2019.

The Company's financial results were impacted by the weaker diamond market for the Period, with pricing achieved by Petra being down ca. 9% on a like for like basis in H1 and having fallen ca. 20% over the last 18 months, coupled with unrealised foreign exchange losses (mark to market valuation of forward exchange contracts entered into to cover a portion of US Dollar proceeds from the Company's South African tenders). However the impact of the above has been mitigated by the significant weakening of the South African Rand (lower US Dollar denominated costs when translating the South African operations' ZAR denominated costs at weaker ZAR / USD exchange rates), as well as our focus on efficiencies and cost control. The Company therefore still recorded a profit margin from mining activities of 36% (H1 FY 2015: 43%), despite the challenging market conditions.

Petra's work to access undiluted ore by bringing into production new mining areas at its underground mines has progressed well, with all expansion projects continuing in line with expectations. Undiluted ore will therefore start to make a meaningful contribution to the Group's production profile from H2 FY 2016 onwards, leading to substantial improvements in grades, product mix and therefore operating margins over the next two to three years. An initial improvement in grade (particularly at Cullinan) has already been noted, with the ROM grade further improving to 27.6 cpht in Q2, following the low of 20.9 cpht achieved in Q3 FY 2015.

Cullinan is a particularly special mine which continues to produce some of the most famous and spectacular diamonds ever seen, including the Blue Moon of Josephine. This exceptional 12 carat blue diamond with perfect colour and clarity was sold at auction by Sotheby's in November 2015 and achieved US$48.5 million, a record value for a diamond and a record price per carat (+US$4 million). Petra did not have an interest in the polished stone, having achieved US$25.6 million for the sale of the rough diamond in February 2014, but this record price affirmed Cullinan's position as one of the world's most celebrated diamond mines.

Optimising processing at Cullinan in order to best capture its high value production is one of our core objectives and a reason behind the strategy to construct a modern processing plant at the mine. This project is progressing well, being on time and budget, and we are excited about what the future holds for this iconic mine.

In December 2015, Petra announced that it would be acquiring a 49.9% interest in the Kimberley Mines assets, with its partner Ekapa Mining (Pty) Ltd ("Ekapa Mining"), an established Kimberley-based diamond tailings producer, owning the remaining 50.1%. This transaction, which was completed on 18 January 2016, introduces a number of producing tailings deposits in the Kimberley area, as well as a 6 Mtpa 'state-of-the-art' processing plant, capable of processing ore from both ROM and tailings sources. These assets are a great fit for the Group, given our existing Kimberley Underground operations in the area, and the transaction demonstrates our commitment to ensuring a sustainable future for the diamond mining industry in Kimberley, to the benefit of the Kimberley Mines workforce and local community.

In terms of safety, we achieved an LTIFR of 0.37 in H1 FY 2016, which was a little above the 0.28 achieved in H1 FY 2015. We continuously strive to improve our safety performance throughout the Group and this vital area remains at the forefront of everything we do.

DIAMOND MARKET

The rough diamond market continued to be impacted by excess polished inventory in the pipeline, liquidity issues in the midstream, the strong US Dollar and a slowdown in retail demand from China.

A number of steps have been taken to address the market challenges, including significantly reduced supply from the major diamond producers (via production cuts and decreased sales volumes), reduced rough diamond pricing, and increased consumer marketing (both branded and generic diamond marketing). Initial data from the key Christmas sales period shows encouragingly solid results from North America (which accounts for +40% of the market).

Diamond Pricing
During H1, pricing was down ca. 9% at Petra's first tender of the financial year in October 2015, however it then stabilised at the second tender, which closed in early December 2015. Since Period end, the Company has held one further tender which closed in early February 2016, with firm prices achieved and all parcels sold. A further three tenders will be held during the remainder of H2.

The table below summarises diamond pricing achieved in H1 FY 2016 set against the last financial year. It also includes a column demonstrating the ranges of values achieved from tender to tender in FY 2015, thereby demonstrating the variability across the full year.

Mine	Actual	Actual	Actual Ranges of Individual Tender Results[1]
	H1 FY 2016	FY 2015	FY 2015
	(US$/ct)	(US$/ct)	(US$/ct)
Finsch	82	90	82 – 112
Cullinan	110	174[2]	106 – 135
Koffiefontein	459	386	226 – 536
Kimberley Underground	254	302	246 – 376
Williamson	367[3]	298	217 – 354

Notes:
1. *Excluding Exceptional Diamonds.*
2. *Excluding Exceptional Diamonds, the average value per carat was US$119.*
3. *Excluding Exceptional Diamonds, the average value per carat was US$241.*

FINANCIAL RESULTS

Revenue
Revenue for H1 FY 2016 was down 28% to US$154.0 million (H1 FY 2015: US$214.8 million). Exceptional Diamonds sold during the Period yielded US$10.0 million (H1 FY 2015 US$38.7 million), resulting in revenues excluding these stones of US$144.0 million, down 18% on the prior period (H1 FY 2015: US$176.1 million).

Carats sold were down 7% to 1,303,051 carats (H1 FY 2015: 1,401,575) and were lower than carats produced of 1,629,403 carats (H1 FY 2015: 1,601,069 carats) due to the seasonal timing of Petra's tenders; Petra held two tenders in H1 and will hold four tenders in H2. The cut-off date for production sold in the second tender of FY 2016 was the end of October 2015 and therefore carats produced after this date were offered for sale in the Company's first tender of H2 FY 2016.

Mining and processing costs
The mining and processing costs for H1 FY 2016 were, as in past periods, comprised of on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Period is set out below.

	On-mine cash costs[1] US$m	Diamond royalties US$m	Diamond inventory and stockpile movement US$m	Group technical, support and marketing costs[2] US$m	Adjusted mining and processing costs US$m	Depreciation [3] US$m	Share based expense[3] US$m	Total mining and processing costs (IFRS) US$m
H1 FY 2016	118.1	2.3	(29.6)	8.8	99.6	23.9	1.2	124.7
H1 FY 2015	127.4	2.7	(16.6)	9.4	122.9	19.1	1.4	143.4
FY 2015	253.4	4.7	(6.0)	20.6	272.7	37.5	3.7	313.9

Notes:
1. *Includes all direct cash operating expenditure at operational level, i.e. labour, consumables, utilities and on-mine overheads.*
2. *Certain technical, support and marketing activities are conducted on a centralised basis.*
3. *Excludes exploration and corporate / administration.*

On-mine cash operating costs in H1 FY 2016 remained in line with expectations, despite the ongoing inflationary pressures. On-mine cash costs decreased by 7.3%, due to:
- the continued ramp-up of more costly underground production in line with the Group's strategy (1.2% increase); and
- inflationary increases, including the impact of electricity and labour costs (7.0% increase);

positively offset by:
- the effect of translating South African operations' ZAR denominated costs at weaker ZAR/USD exchange rates (15.5% decrease).

Unit costs on a mine by mine basis are covered in the 'Operational Review' to follow.

Profit from mining activities
Profit from mining activities was down 41% to US$55.1 million (H1 FY 2015: US$92.9 million), due to lower turnover compared to the prior period. The profit margin from mining activities reduced to 36% (H1 FY 2015: 43%).

Exploration
Petra incurred US$1.9 million of exploration expenditure during the Period (H1 FY 2015: US$2.4 million). Refer to the 'Exploration' section below for further information.

Corporate overhead – General and Administration
Corporate overhead of US$4.7 million for the Period (H1 FY 2015: US$5.6 million) remained well controlled and also benefited in USD terms from the weakness in the ZAR during the Period.

Adjusted EBITDA
Adjusted EBITDA, being profit from mining activities less exploration and corporate overhead, decreased by 43% to US$48.5 million (H1 FY 2015: US$84.9 million), due to the reduction in turnover.

Depreciation
Depreciation for the Period was US$24.2 million (H1 FY 2015: US$19.6 million). Included within depreciation is an amount of US$5.2 million, which has been expensed for the first time, and is due to the accelerated depreciation on the old Cullinan plant which will be decommissioned in FY 2017. A further depreciation charge of up to US$13.4 million in respect of the accelerated depreciation on the remaining old Cullinan plant being scrapped will be expensed in H2 FY 2016 and FY 2017 before the new plant is commissioned, and has been previously guided for within Petra's analyst guidance.

Net financial expense
Net financial expense of US$21.8 million (H1 FY 2015: US$3.9 million) is mainly comprised of:
- interest received on bank deposits of US$0.2 million;

offset by:

- unrealised foreign exchange losses of US$8.5 million, representing (i) unrealised losses on forward exchange contracts due to the significant weakening in the ZAR/USD exchange rate in December relative to the exchange rate embedded in certain of the Group's hedges that are in place for H2 tender sales; these unrealised losses may, depending on movements in the Rand, be partially realised in H2, and at the same time the Group will record the benefit of higher Rand receipts from USD sales and lower USD denominated costs for the period; and (ii) the net effect of foreign currency retranslation of cross border loans considered to be repayable in the foreseeable future;
- net interest payable to the BEE partners' loans of US$5.0 million;
- net realised foreign exchange losses of US$4.6 million on the settlement of inter-company loans and forward exchange contracts;
- a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US$2.4 million; and
- interest on the Group's debt and working capital facilities of US$1.5 million (stated after the capitalisation of interest of US$11.5 million associated with the funding of assets under development).

Tax charge
The tax charge of US$2.3 million (H1 FY 2015: US$19.5 million) arises due to deferred tax (net of charges and credits), reflecting the utilisation of certain capital allowances during the Period.

Net Loss
A net loss after tax of US$2.2 million was recorded for the Period (H1 FY 2015: US$39.1 million profit).

Loss per share
A basic loss per share of 0.72 US$ cents was recorded (H1 FY 2015: earnings of 5.94 US$ cents).

Dividend
The Company paid its maiden dividend of 3.0 US$ cents per share in respect of the year ended 30 June 2015 on 7 December 2015.

Operating Cashflow
Operating cashflow for the Period was US$45.6 million (H1 FY 2015: US$104.2 million). Adjusted operating cashflow (adjusted for the cash effect of the movement in diamond debtors between each period end, excluding unrealised foreign exchange translation movements) for the Period was an outflow of US$5.1 million (H1 FY 2015: US$50.4 million inflow). The reduction in operating cashflow and adjusted operating cashflow is due to the lower turnover, and therefore lower EBITDA for the Period as reported above, being mainly due to lower diamond prices. The adjustment for the cashflow impact on trade receivables (diamond debtors) as at 30 June 2015 was US$50.7 million, with all diamond debtors being received shortly after 30 June 2015.

Even though operating cashflow and adjusted operating cashflow were lower than previous periods, they were in line with management expectations, given the lower diamond prices achieved. As previously noted, the Company's sales and revenue are weighted to H2 which is therefore expected to lead to higher levels of operating cashflow in H2.

Cash, diamond inventories, diamond debtors and net debt
Key financial disclosures are set out in the table below. The Company's bank facilities undrawn and available of US$177.1 million, combined with cash at bank and diamond inventories at 31 December 2015 of US$99.5 million and cashflow from operations, give the Group a comfortable headroom for the remainder of the higher Capex spend period to the end of FY 2017.

	Unit	31 December 2015	30 June 2015	31 December 2014
Closing exchange rate used for conversion		*R15.46/US$1*	*R12.16/US$1*	*R11.57/US$1*
Cash at bank	US$M	42.1	166.6	129.6
Diamond inventories	US$M Carats	57.4 666,357	33.5 339,489	43.6 521,987
Diamond debtors	US$M	1.4	57.6	0.0
US$ loan notes (including accrued interest)	US$M	302.1	303.3	n/a
Bank loans and borrowings	US$M	63.9	35.0	175.4
Net debt	US$M	323.9	171.7	45.8
Bank facilities undrawn and available	US$M	177.1	255.1	45.2

Cash
As at 31 December 2015 the Group had cash at bank of US$42.1 million (H1 FY 2015: US$129.6 million) and of these cash balances, US$30.7 million was held as unrestricted cash (H1 FY 2015: US$117.7 million), US$10.2 million was held by Petra's reinsurers as security deposits on the Group's cell captive insurance structure (with regards to the Group's environmental guarantees) (H1 FY 2015: US$10.3 million) and US$1.2 million was held by Petra's bankers as security for other environmental rehabilitation bonds lodged with the Department of Mineral Resources in South Africa (H1 FY 2015: US$1.6 million).

Diamond inventories
As at 31 December 2015, the Group had diamond inventories of US$57.4 million (H1 FY 2015: US$43.6 million).

Loans and Borrowings
Bank loans and borrowings at 31 December 2015 were US$63.9 million (H1 FY 2015: US$175.4 million). Bank debt facilities undrawn and available to the Group at 31 December 2015 were US$177.1 million (H1 FY 2015: US$45.2 million).

Net debt at 31 December 2015 was US$323.9 million (H1 FY 2015: US$45.8 million). Net debt has increased from 30 June 2015 by US$152.2 million largely due to Capex spend of US$151.3 million, in line with expectations.

Banking Facilities and Covenant Measurements
The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in diamond prices, exchange rates and expected production from the Group's mines, including total carats and mix. The Group's forecasts show that Petra has sufficient banking facilities to meet its capital development requirements, with minimum headroom forecast as ca. ZAR1,400 million (ca. US$90 million) in June 2016.

The Group has a number of covenants related to its banking facilities, which can be found on Petra's website at: https://www.petradiamonds.com/investors/fixed-income-investors/banking-covenants/. Mainly due to the weak trading results in H2 FY 2015, the two covenant tests related to consolidated EBITDA for the 12 month period to, and as at, 31 December 2015 would have been breached. In November 2015, Petra's main lenders, which included all of the drawn down facilities at Period end, therefore agreed to waive the measurement of these two covenant tests before Period end. The lenders also confirmed at the time that they remain fully supportive of Petra and its plans to achieve its stated objective of being a ca. 5 million carats per annum diamond producer by FY 2019.

The next covenant measurement will be for the 12 month period to, and as at, 30 June 2016 and further waivers, as were given in respect of the 31 December 2015 measurements, may be required for this measurement. Petra is working with its lenders to review its current debt facilities and associated covenants and will update the market in this regard as and when appropriate in H2 FY 2016.

The bank loans from their bankers to Petra's BEE partners of US$79.5 million (ZAR 1,229 million) (including accrued interest), for which Petra stands as guarantor, are subject to the same covenants as the Petra Group facilities and therefore the consolidated EBITDA waivers were also given in regard to the 31 December 2015 measurements by the lenders in November 2015.

BEE loans receivable and payable
BEE loans receivable of US$26.2 million (H1 FY 2015: US$29.4 million) relate to the acquisition and financing at Koffiefontein and Kimberley Underground mines by Petra on behalf of its BEE partners.

The BEE loans payable of US$77.3 million (H1 FY 2015: US$94.2 million) relate to the initial acquisition loan funding advanced by the Group's BEE partners to the operations to acquire their investments in the Cullinan, Finsch, Koffiefontein and Kimberley Underground mines. The repayment of these loans by the mines to the BEE partners will be from future free cashflows generated by the mining operations.

Other Liabilities
Other than trade and other payables of US$35.8 million (comprising US$7.2 million trade creditors, US$15.8 million employee related accruals and US$12.8 million other payables) (H1 FY 2015: US$62.6 million), the remaining liabilities on the balance sheet mainly comprise provisions for rehabilitation liabilities, post retirement employee related provisions, deferred tax and a fair value derivative liability of US$32.7 million representing the unrealised mark-to-market loss on FX hedging contracts currently in place for the H2 tender cycle.

Capex
H1 FY 2016 Capex was in line with the Group's overall budgets for FY 2016 and the roll out of the Group's expansion programmes.

Capex for the Period was US$151.3 million (H1 FY 2015: US$125.2 million), split as to US$127.0 million on expansion Capex (H1 FY 2015: US$93.8 million), US$12.8 million (H1 FY 2015: US$24.8 million) on sustaining Capex and US$11.5 million (H1 FY 2015: US$6.6 million) of capitalised borrowing costs related to Capex funding, which is included in the applicable mine by mine tables in the 'Operational Review' section. The increase is mainly due to the construction of the new Cullinan plant. Capex is expected to reach its peak in FY 2016 as the Group continues to progress its expansion programmes.

Capex (US$M)	**H1 FY 2016**	**H1 FY 2015**	**Variance**	**FY 2015**
Finsch	32.6	39.5	-17%	88.0
Cullinan	84.5	54.0	+57%	121.5
Koffiefontein	15.3	13.5	+13%	26.8
Kimberley Underground	7.8	5.9	+32%	13.9
Williamson	9.7	5.9	+64%	16.2
Helam	0.0	0.4	n/a	0.3
Subtotal – Capex incurred by operation	149.9	119.2	+26%	266.7
Corporate / exploration	2.2	5.9	-63%	7.2
Petra internal projects division – Capex under construction / invoiced to operations	0.1	0.1	0%	0.2

Other Corporate – Capex under construction / invoiced to operations	(0.9)	n/a	n/a	n/a
Total Group Capex	**151.3**	**125.2**	**+21%**	**274.1**

Notes:

1. *Capex for the Period includes US$11.5 million (H1 FY 2015: US$6.6 million) of capitalised borrowing costs, which is also included in the applicable mine by mine tables above.*
2. *Petra's annual Capex guidance is cash based and excludes capitalised borrowing costs. Given that the majority of Petra's debt funding is in relation to its expansion and development programmes, Petra's guidance is to assume that the majority of interest and financing fees will be capitalised for the duration of the project phase and not expensed through the income statement.*
3. *The Group (Petra internal projects and Other Corporate) incurs capital spend on behalf of the operations and although this spend is reported in the Group's total Capex, it is policy not to account for it on a specific mine's Capex until the work completed is invoiced to the relevant operation. Group Capex includes US$0.8 million for the Period (H1 FY 2015: US$0.1 million), which was incurred and invoiced by the Group's internal projects facility and Corporate division. Therefore the mine by mine tables plus the internal projects and other corporate Capex will add together to make the Capex total in the relevant sections above.*

OPERATIONAL REVIEW

Combined operations:

	Unit	6 months to 31 Dec 2015 ("H1 FY 2016")	6 months to 31 Dec 2014 ("H1 FY 2015")	Variance	12 months to 30 Jun 2015 ("FY 2015")
Sales					
Revenue	**US$M**	**154.0**	**214.8**	-28%	**425.0**
Diamonds sold	Carats	1,303,051	1,401,575	**-7%**	3,168,650
Production					
ROM diamonds	Carats	1,243,706	1,167,982	+7%	2,276,168
Tailings & other[1] diamonds	Carats	385,697	433,087	-11%	910,307
Total diamonds	**Carats**	**1,629,403**	**1,601,069**	**+2%**	**3,186,475**
Capex					
Expansion	US$M	127.0	93.8	+35%	212.0
Sustaining	US$M	12.8	24.8	-48%	47.4
Borrowing costs capitalised	US$M	11.5	6.6	+74%	14.7
Total	**US$M**	**151.3**	**125.2**	**+21%**	**274.1**

Notes:

1. *'Other' includes mining of the Ebenhaezer satellite kimberlite pipe at Koffiefontein and alluvial diamond mining at Williamson.*

The Company achieved production growth of 2% due to increases at Finsch, Koffiefontein and Kimberley Underground, offset by planned lower levels of production at Cullinan and Williamson.

Finsch – South Africa

	Unit	H1 FY 2016	H1 FY 2015	Variance	FY 2015
Sales					
Revenue	US$M	75.2	77.3	-3%	185.4
Diamonds sold	Carats	912,069	906,214	+1%	2,067,933
Average price per carat	US$	82	85	-4%	90

ROM Production					
Tonnes treated	Tonnes	1,656,256	1,530,455	+8%	3,016,385
Diamonds produced	Carats	749,954	651,068	+15%	1,298,914
Grade[1]	Cpht	45.3	42.5	+7%	43.1
Tailings Production					
Tonnes treated	Tonnes	1,236,328	1,216,244	+2%	2,656,471
Diamonds produced	Carats	345,124	362,049	-5%	766,960
Grade[1]	Cpht	27.9	29.8	-6%	28.9
Total Production					
Tonnes treated	Tonnes	2,892,584	2,746,699	+5%	5,672,856
Diamonds produced	Carats	1,095,078	1,013,117	+8%	2,065,875
Costs					
On-mine cash cost per total tonne treated	ZAR	182	160	+14%	164
Capex					
Expansion Capex	US$M	25.4	28.4	-11%	65.1
Sustaining Capex	US$M	2.6	8.1	-68%	16.1
Borrowing costs capitalised	US$M	4.6	3.0	+53%	6.8
Total Capex	US$M	32.6	39.5	-17%	88.0

Note:

1. *The Company is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.*

Production:
Finsch performed well during H1 FY 2016, with overall carat production increasing by 8% to 1,095,078 carats (H1 FY 2015: 1,013,117 carats), driven by continued improvements in the ROM tonnes and grade achieved, with the Bulk Sampling Plant ("BSP") also providing additional processing capacity.

Treatment of the Pre 79 Tailings was in line with expectations, with targets of 2.4 Mt at a grade of 27 cpht for FY 2016 and 1.4 Mt at a grade of 24 cpht for FY 2017.

Sales:
Despite the increase in production, sales were down 3% to US$75.2 million (H1 FY 2015: US$77.3 million), with the average value per carat achieved at Finsch of US$82 being 4% below prices achieved in H1 FY 2015 due to the weaker diamond market.

Costs:
The on-mine unit cash cost per total tonne treated was ZAR182, an increase of 14% from H1 FY 2015 (ZAR160) mainly due to the start-up of production through the BSP plant (commissioned late FY 2015) which added ZAR8 per tonne treated, coupled with inflationary cost increases (labour and electricity). Excluding the cost impact of the BSP plant, the unit cost was in line with guidance of ZAR173 per tonne treated.

Capex:
Capex of US$32.6 million for the Period (H1 FY 2015: US$39.5 million) was in line with guidance and the progression of the expansion project and associated underground development.

Development Programme:
Mining is currently transitioning from the block cave on the 630 metre level ("mL") to an SLC over four levels from 700mL to 780mL. The development of the SLC continues to progress in line with expectations.

As the mine's underground production profile gradually changes from diluted to undiluted ore, the ROM grade is expected to increase to ca. 58 cpht from FY 2017 onwards.

Cullinan – South Africa

	Unit	H1 FY 2016	H1 FY 2015	Variance	FY 2015
Sales					
Revenue	US$M	25.0	77.7	-68%	122.2
Diamonds sold	Carats	227,759	314,957	-28%	700,896
Average price per carat	US$	110	247[1]	-56%	174[2]
ROM Production					
Tonnes treated	Tonnes	1,180,399	1,292,895	-9%	2,513,004
Diamonds produced	Carats	303,400	333,770	-9%	611,993
Grade	Cpht	25.7	25.8	0%	24.4
Tailings Production					
Tonnes treated	Tonnes	397,158	1,212,368	-67%	2,458,306
Diamonds produced	Carats	18,966	57,628	-67%	117,503
Grade	Cpht	4.8	4.8	0%	4.8
Total Production					
Tonnes treated	Tonnes	1,577,557	2,505,263	-37%	4,971,310
Diamonds produced	Carats	322,366	391,398	-18%	729,496
Costs					
On-mine cash cost per total tonne treated	ZAR	254	152	+67%	154
Capex					
Expansion Capex	US$M	73.2	47.0	+56%	104.8
Sustaining Capex	US$M	4.4	3.4	+29%	8.8
Borrowing costs capitalised	US$M	6.9	3.6	+92%	7.9
Total Capex	US$M	84.5	54.0	+57%	121.5

Notes:

1. *Excluding Exceptional Diamonds, the average value for H1 FY 2015 was US$124 per carat.*
2. *Excluding Exceptional Diamonds, the average value for FY 2015 was US$119 per carat.*

Production:
Cullinan's diamond production decreased 18% to 322,366 carats (H1 FY 2015: 391,398 carats), in line with the Company's guidance that it will produce lower tonnages at the mine in FY 2016 in order to focus on grade control. This approach has had a positive impact, with the ROM grade further improving to 27.6 cpht in Q2, following the 23.6 cpht achieved in Q1 FY 2016 (H1 2016: overall grade of 25.7 cpht).

During the Period, the Company decided to use tailings processing capacity to treat ROM material to assist in addressing previously reported ROM grade challenges. Tailings treatment in H2 is expected to be ca. 300,000 tonnes and will remain at this level (ca. 600,000 tonnes per annum) until the new plant is operational (expected by June 2017).

Sales:
Cullinan's revenue decreased by US$52.7 million compared to H1 FY 2015 as a result of an absence of Exceptional Diamonds (US$38.7 million); lower sales volumes (US$9.3 million) and the weaker diamond market (US$4.7 million). The average value per carat of US$110 was lower than guidance of US$126 due to the weaker diamond market and a slightly weaker product mix.

Costs:
The decision to significantly cut-back on tailings throughput adversely impacted the unit cash cost per total tonne treated, resulting in a unit cost of ZAR254 per tonne. The cost per tonne also exceeded guidance of ZAR173 due to the change in production approach noted above. Absolute costs in ZAR terms remained in line with expectations.

Capex:
Capex of US$84.5 million (H1 FY 2015: US$54.0 million) was in line with expectations, with the significant increase relating to construction of the new plant.

Development Programme:
Petra's expansion programme at the mine will establish a new block cave, known as C-Cut Phase 1, on the western side of the orebody in the upper portion of the major C-Cut resource and will take annual production to above 2 Mcts by FY 2019.

The underground development at Cullinan continued to progress in line with expectations, with the C-Cut Phase 1 waste development yielding a total of 971 metres (H1 FY 2015: 2,361 metres), raiseboring delivering 387 metres (H1 FY 2015: 389 metres) and kimberlite development delivering 1,354 metres (H1 FY 2015: 967 metres). The shaft deepening is on track to be completed and commissioned during H1 FY 2017.

New Cullinan Plant
The construction of the new Cullinan plant is progressing in line with expectations. During H1, the on-site project teams focused on the completion of bulk earthworks and the commencement of civil and structural construction activities. Engineering design, procurement and off-site fabrication are all on track to meet the end of FY 2017 ramp-up.

Koffiefontein – South Africa

	Unit	H1 FY 2016	H1 FY 2015	Variance	FY 2015
Sales					
Revenue	US$M	9.9	7.1	+39%	17.8
Diamonds sold	Carats	21,568	18,215	+18%	46,033
Average price per carat	US$	457	389	+17%	386
ROM Production					
Tonnes treated	Tonnes	289,217	132,202	+119%	341,783
Diamonds produced	Carats	24,840	9,709	+156%	27,756
Grade	Cpht	8.6	7.3	+18%	8.1
Tailings / Ebenhaezer Production					
Tonnes treated	Tonnes	262,542	329,965	-20%	524,244
Diamonds produced	Carats	6,920	9,967	-31%	17,628
Grade	Cpht	2.6	3.0	-13%	3.4
Total Production					
Tonnes treated	Tonnes	551,759	462,167	+19%	866,027
Diamonds produced	Carats	31,760	19,676	+61%	45,384
Costs					
On-mine cash cost per total tonne treated	ZAR	317	263	+21%	303
Capex					
Expansion Capex	US$M	14.0	12.3	+14%	23.1
Sustaining Capex	US$M	1.3	1.2	+9%	3.7
Total Capex	US$M	15.3	13.5	+13%	26.8

Production:
Production at Koffiefontein increased by 61% to 31,760 carats (H1 FY 2015: 19,676 carats), further to the significant ramp up of the new SLC production area underground, with ROM tonnes treated up 119% to 289,217 tonnes (H1 FY 2015: 132,202 tonnes) and the achieved grade up 18% to 8.6 cpht (H1 FY 2015: 7.3 cpht).

Sales:
Koffiefontein's revenue increased by 39% due to higher sales volumes and an increase in the average value per carat to US$459 (FY 2015: US$389). The average value achieved was lower than guidance of US$570 due to the weaker diamond market and the slower than planned ramp up of tonnages of higher value underground ROM material.

Costs:
The marked increase in higher value, higher-cost, underground production resulted in a 21% increase in the unit cash cost per total tonne treated to ZAR317 (H1 FY 2015: ZAR263). Unforeseen break-downs and associated maintenance costs contributed to the increase in unit cost.

Capex:
Capex for the Period of US$15.3 million (H1 FY 2015: US$13.5 million) remained primarily focused on underground development associated with the new SLC.

Development Programme:
As at Finsch, the SLC mining method will be used at Koffiefontein, before putting in place a new block cave. The SLC will be mined over three levels from 560 mL to 600 mL. Production has now commenced on the 560 mL of the SLC, while the continued development towards the 580 mL will see Koffiefontein achieving planned levels of ROM production.

As noted in Petra's Q1 Trading Update, Koffiefontein's underground production did not ramp up as planned in H1 (ROM throughput of 0.29 Mt), with H2 ROM production expected to increase to ca. 0.4 Mt resulting in full year production of ca. 0.69Mt.

Kimberley Underground – South Africa

	Unit	H1 FY 2016	H1 FY 2015	Variance	FY 2015
Sales					
Revenue	US$M	15.5	18.1	-14%	41.8
Diamonds sold	Carats	61,113	56,470	+8%	138,052
Average price per carat	US$	253	321	-21%	302
Total Production (all ROM)					
Tonnes treated	Tonnes	483,110	578,761	-17%	1,196,269
Diamonds produced	Carats	76,240	72,012	+6%	137,226
Grade	Cpht	15.8	12.4	+27%	11.5
Tailings Production					
Tonnes treated	Tonnes	198,203	n/a	n/a	n/a
Diamonds produced	Carats	8,118	n/a	n/a	n/a
Grade	Cpht	4.1	n/a	n/a	n/a
Total Production					
Tonnes treated	Tonnes	681,313	578,761	+18%	1,196,269
Diamonds produced	Carats	84, 358	72,012	+17%	137,226
Costs					
On-mine cash cost per total tonne treated	ZAR	253	251	+1%	264

Capex					
Expansion Capex	US$M	6.0	4.5	+33%	10.5
Sustaining Capex	US$M	1.8	1.4	+29%	3.4
Total Capex	US$M	7.8	5.9	+32%	13.9

Production:
Kimberley Underground's production increased 17% to 84,358 carats (H1 FY 2015: 72,012 carats) due to the increased ROM grade of 15.8 cpht (H1 FY 2015: 12.4 cpht) and the continued treatment of tailings resources to utilise available plant capacity.

Sales:
The average value per carat of US$254 was significantly below guidance of US$327 due to the weaker market, exacerbated by the inclusion of lower quality tailings to the production profile.

Costs:
The on-mine unit cash cost per total tonne treated of ZAR253 remained flat on H1 FY 2015 (ZAR251), as inflationary increases were off-set by additional throughput, and is in line with guidance of ZAR255.

Capex:
Capex for the Period increased to US$7.8 million (H1 FY 2015: US$5.9 million) mainly as a result of the ramp-up of the development programme.

Williamson – Tanzania

	Unit	H1 FY 2016	H1 FY 2015	Variance	FY 2015
Sales					
Revenue	US$M	29.5	34.6	-15%	62.1
Diamonds sold	Carats	80,359	98,270	-18%	208,351
Average price per carat	US$	366	352	+4%	298
ROM Production					
Tonnes treated	Tonnes	1,824,915	2,002,080	-9%	4,056,638
Diamonds produced	Carats	89,272	95,506	-7%	194,048
Grade	Cpht	4.9	4.8	+2%	4.8
Alluvial Production					
Tonnes treated	Tonnes	207,221	170,052	+22%	369,406
Diamonds produced	Carats	6,569	3,443	+91%	8,216
Grade	Cpht	3.2	2.0	+60%	2.2
Total Production					
Tonnes treated	Tonnes	2,032,136	2,172,132	-6%	4,426,044
Diamonds produced	Carats	95,841	98,949	-3%	202,265
Costs					
On-mine cash cost per total tonne treated	US$	11	12	-8%	12
Capex					
Expansion Capex	US$M	8.7	1.6	+444%	8.3
Sustaining Capex	US$M	1.0	4.3	-77%	7.9
Total Capex	US$M	9.7	5.9	+64%	16.2

Production:
Williamson's diamond production decreased 3% to 95,841 carats (H1 FY 2015: 98,949 carats), following planned downtime to effect plant modifications during the Period.

Sales:
The average value of US$367 was higher than management guidance of US$303 further to the sale of the 23.16 carat pink stone from Williamson for US$10.05 million, as reported on 9 December 2015 (with Petra retaining a 20% interest in the sales proceeds of the polished yield of this stone). Excluding Exceptional Diamonds, the average value per carat was US$241.

Costs:
The on-mine unit cash cost per total tonne treated was US$11 (H1 FY 2015: US$12), which remains in line with guidance.

Development Plan:
Petra's expansion plan at Williamson will see tonnage throughput ramp up to ca. 5 Mtpa from FY 2018, which, at a grade of ca. 7.0 cpht, is expected to deliver 350,000 ctpa.

The plant enhancements include the introduction of an additional crusher circuit and two autogenous mills. Construction commenced in FY 2015, commissioning of the crusher was completed in Q1 FY 2016 and installation and commissioning of the two autogenous mills is planned for H1 FY 2017.

EXPLORATION

Petra's focus at present remains the evaluation of the KX36 kimberlite discovery and the search for other kimberlites in its current prospecting licences.

KX36
Following the completion of a ca. 800 tonnes large diameter drilling ("LDD") campaign in FY 2013, a narrow diameter drilling ("NDD") programme was carried out to improve delineation of the KX36 pipe and to provide additional geological and geotechnical information.

Petra then commenced a second phase of LDD bulk sampling in Q2 FY 2015 with the aim of obtaining ca. 720 carats for a diamond parcel of ca. 1,000 carats. The on-site treatment of bulk samples (ca. 1,400 tonnes), which commenced early in Q3 FY 2015, was completed by the end of H1 FY 2016, rendering a total of ca. 830 carats for this phase, at an average grade of 40.3 cpht (at a -1mm bottom cut-off).

Towards the end of the Period, a small third phase of bulk sampling was embarked upon; crushing and processing of ca. 24 tonnes of previously obtained NDD core rendered an additional ca. 11.7 carats at an average grade of 48 cpht (at a -1mm bottom cut-off).

Results obtained from size frequency distribution, grade size and assortment analysis, which will be conducted on the current ca. 1,125 carat KX36 diamond parcel, will be used both for diamond revenue modelling and to update the Maiden Inferred Resource previously identified for KX36 (24.9 Mt at a grade of 35.2 cpht, containing 8.8 million carats at a +3 DTC diamond sieve bottom cut-off).

Orapa South West project area
Notification of the issue of four new prospecting licences situated to the southwest of the Orapa kimberlite field was received during H1. The licences (totalling 3,699.35 km^2) were however issued some time prior to that, on 1 July 2015.

A preliminary review of historical reports pertaining to the project area was completed and historical prospecting licence outlines were reviewed to track the ground holdings of previous companies that have conducted exploration in the area. This, in addition to defining areas that have elevated abundances of larger grains and where certain kimberlite indicator minerals ("KIMs") were more abundant compared to other species and background, has aided in defining focus areas deemed to be of higher interest.

Manica Minerals Co-operation Agreement
The work programme under Petra's diamond exploration co-operation agreement ("Agreement") with Manica Minerals Ltd ("Manica") was specifically focused on the re-evaluation of known kimberlites in the highly prospective Orapa area, where priority targets were drilled and then tested using a proprietary Mantle Mapper™ (sampling of KIMs) process, and in the Jwaneng area, where the focus was placed on the identification and delineation of specific areas within the ground holdings with the potential to host intra-formational ca. 240 Ma Jwaneng-type deposits.

Given that no new discoveries of economic kimberlites were made in the Orapa area under this Agreement, and taking into account the relatively high costs involved in the further exploration for intra-formational deposits in the Jwaneng area, Petra has, after thorough consideration, given notice to Manica of its withdrawal from the Agreement, effective 1 February 2016.

SAFETY

The health and safety of all employees is of the utmost importance to the Company and Petra has a wide range of initiatives, training and awareness programmes in place to foster a zero harm workplace.

The Group's LTIFR for H1 FY 2016 was 0.37 (H1 FY 2015: 0.28).

CORPORATE AND GOVERNANCE

Kimberley Mines Acquisition
On 18 January 2016, Petra announced that it had completed the acquisition of a 49.9% interest in the Kimberley Mines in South Africa from De Beers Consolidated Mines Proprietary Limited in a consortium with Ekapa Mining. The acquisition consideration of ZAR 102 million (ca. US$7.2 million) has been funded by the consortium, with Petra's share being ZAR50.9 million (ca. US$3.6 million).

The Kimberley Mines Tailings Mineral Resources ("TMR") are forecast to produce ca. 700,000 ctpa in the first three years of operation, with revenue of ca. US$65 million per annum, based on an assumed diamond price of ca. US$90 per carat. At this point in time, Petra has not revised its Group production guidance, but it will release an update to the market in due course once the initial handover period has concluded.

PRINCIPAL BUSINESS RISKS

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development, and performance and management of these risks is an integral part of the management of the Group.

An overview of the key risks which could affect the Group's operational and financial performance was included in the Company's 2015 Annual Report, which can be accessed at www.petradiamonds.com. These may impact the Group over the medium to long term; however the following key risks have been identified which may impact the Group over the next six months.

Short term demand and prices
The stability of financial markets and the corresponding effect on consumer demand impacts the Group and the diamond industry as a whole. Whilst the medium to long term fundamentals of the diamond market remain intact, with demand forecast to significantly outpace supply, in the short term the prevailing climate of global economic uncertainty may cause some volatility in rough diamond pricing.

Although diamond prices are influenced by numerous factors beyond the Company's control, the Group's management closely monitors developments in the international diamond market (across the pipeline from the rough market to the retail consumer market) to be in a position to react in a timely manner to changes in rough diamond prices and demand.

In order to withstand periods of softer diamond pricing, the Company focuses on:

- stringent cost control at its operations and at a corporate level;
- maintaining a robust balance sheet via prudent capital management and allocation; and
- maximising the value of its production via optimal plant recovery processes.

Financing and liquidity

Petra has a significant Capex programme over the years to FY 2019. The Company plans to continue to finance this Capex from treasury, operating cashflows and debt finance.

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in rough diamond prices, different production rates from the Group's producing assets and delays to development projects.

The Group's forecast, taking into account the risks described above, show that, subject to covenants as discussed on page 10, the Group will be able to operate within its current debt facilities and have sufficient financial headroom for the remainder of the Group's Capex programme to FY 2019. However, there remains a risk, given the volatility of the diamond price environment and its impact on operating cashflows, that the Group's liquidity position could deteriorate and the resulting lack of adequate available cashflows, potential breach of covenants and restricted access to its debt facilities could delay development work.

ROM grade volatility

The management of ROM grades, specifically at Finsch and Cullinan, remains a challenge due to the mature nature and dilution of the current mining areas. As a result, volatility in recovered ROM grades at these two operations can be expected until such time as new mining areas have been accessed and deliver significant contributions of undiluted ore to the production profile.

Petra is highly focused on managing this issue. At Finsch, grade volatility has been alleviated further to the changes to the plant bottom-cut which have seen ROM and tailings grades increase significantly. At Cullinan, the Company has taken a number of steps to mitigate this challenge and these initiatives have achieved positive results to date, with an improvement in Cullinan's ROM grade achieved over the last three quarters.

Exchange rates

With Petra's operations mainly in South Africa, but diamond sales based in US Dollars, the volatility and movement in the Rand is a significant factor to the Group. Also, the Group undertakes transactions in a number of different currencies. Fluctuations in these currencies can have a significant impact on the Group's performance.

In order to mitigate currency risk, the Group continually monitors the movement of the Rand against the US Dollar, the maturity dates and the level of the hedge book and takes expert advice from its bankers in this regard. It is the Group's policy to hedge a portion of future US Dollar sales revenue when weakness in the Rand deems it appropriate.

Labour unrest in South Africa

The Group's production, and to a lesser extent its project development activities, are dependent on a stable and productive labour workforce. In September 2014, Petra entered into a three-year wage agreement with the National Union of Mineworkers. Whilst labour relations are currently stable, there remains the potential for further unrest in South Africa. Petra therefore remains highly focused on managing labour relations and on maintaining open and effective communication channels with its employees and the appropriate union representatives at its operations.

Power in South Africa

South Africa's power issues have been well publicised. Eskom's approach is to consult with industry before implementing load shedding, with advanced notice giving customers time to react appropriately. Petra responds to such requests by temporarily halting tailings production at the applicable South African mines, so as to minimise disruption of the higher value underground ROM production. While this strategy has ensured that there has been no material impact on production, Petra decided to install back-up power generation at its South African mines in calendar 2015 in order to minimise disruption.

OUTLOOK

The Company is continuing to deliver on its targets, with production forecast to grow further to 3.3 – 3.4 million carats in FY 2016 (excluding Kimberley Mines) and on to ca. 5 million carats in FY 2019. As well as growing the volume of carats, Petra's expansion plans will deliver a higher quality of carats due to the lessening reliance on diluted mining areas and tailings production. The improving grade and product mix of the new undiluted mining areas should therefore serve to significantly enhance Group margins in the years to come, without the requirement for an increase in diamond prices.

Our continued focus on operational performance, combined with our robust financial position, therefore places the Company in a strong position to capitalise on the positive medium- to long-term outlook for our industry.

Johan Dippenaar
Chief Executive Officer
22 February 2016

Notes:

1. *The following exchange rates have been used for this announcement:*
    a. *closing rate as at 31 December 2015 US$1:ZAR15.46 (31 December 2014 US$1:ZAR11.57)*
    b. *average rate H1 FY2016 US$1:ZAR13.61 (H1 FY2015 US$1:ZAR10.99)*
2. *The following definitions have been used in this announcement:*
    a. *ct: carat*
    b. *cpht: carats per hundred tonnes*
    c. *Exceptional Diamonds: stones that sell for more than US$5 million each*
    d. *LTIFR: lost time injury frequency rate*
    e. *Mcts: million carats*
    f. *mL: metre level*
    g. *Mt: million tonnes*
    h. *ROM: run-of-mine, i.e. relating to production from the primary orebody*
    i. *SLC: sub-level cave, a variation of block caving*
3. *Diamond inventory carrying values are stated at the lower of cost of production on the weighted average basis or estimated net realisable value.*

PETRA DIAMONDS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

US$ million	Notes	**(Unaudited) 1 July 2015- 31 December 2015**	(Unaudited) 1 July 2014- 31 December 2014	(Audited) Year ended 30 June 2015
Revenue		**154.0**	214.8	425.0
Mining and processing costs		**(124.7)**	(143.4)	(313.9)
Other direct income		**0.7**	1.0	2.2
Exploration expenditure		**(2.0)**	(2.4)	(5.8)
Corporate expenditure	5	**(6.1)**	(7.5)	(13.1)
Total costs		**(132.1)**	(152.3)	(330.6)
Financial income	6	**1.2**	7.7	9.8
Financial expense	6	**(23.0)**	(11.6)	(19.2)
Profit before tax		**0.1**	58.6	85.0
Income tax charge		**(2.3)**	(19.5)	(25.4)
(Loss) / profit for the Period		**(2.2)**	39.1	59.6
Attributable to:				
Equity holders of the parent company		**(3.7)**	30.4	48.6
Non-controlling interest		**1.5**	8.7	11.0
		(2.2)	39.1	59.6
Profit per share attributable to the equity holders of the parent during the Period:				
From continuing operations:				
Basic (loss) / profit per share – US$ cents	14	**(0.72)**	5.94	9.46
Diluted (loss) / profit per share – US$ cents	14	**(0.72)**	5.76	9.19

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

US$ million	**(Unaudited) 1 July 2015- 31 December 2015**	(Unaudited) 1 July 2014- 31 December 2014	(Audited) Year ended 30 June 2015
(Loss) / profit for the Period	**(2.2)**	39.1	59.6
Exchange differences on translation of the share-based payment reserve	**1.3**	(1.7)	(1.5)
Exchange differences on translation of foreign operations[1]	**(151.6)**	(40.5)	(71.9)
Exchange differences on non-controlling interest[1]	**(11.8)**	(4.7)	(7.4)
Exchange differences on hedging and other reserves[1]	**—**	—	(0.4)
Unrealised loss on foreign exchange hedges transferred directly to equity[1]	**(16.8)**	(3.9)	(2.7)
Total comprehensive expense for the Period	**(181.1)**	(11.7)	(24.3)

Total comprehensive income and expense attributable to:			
Equity holders of the parent company	**(170.8)**	(15.7)	(27.9)
Non-controlling interest	**(10.3)**	4.0	3.6
	(181.1)	(11.7)	(24.3)

[1] These items will be reclassified to the consolidated income statement if specific future conditions are met.

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

US$ million		**(Unaudited) 31 December 2015**	(Unaudited) 31 December 2014	(Audited) 30 June 2015
ASSETS				
Non-current assets				
Property, plant and equipment	7	**912.5**	879.1	968.8
Deferred tax asset		**5.8**	1.7	6.3
BEE loans and receivables	13	**26.2**	29.4	29.6
Total non-current assets		**944.5**	910.2	1 004.7
Current assets				
Trade and other receivables		**34.9**	34.6	87.9
Inventories		**66.9**	61.2	48.7
Cash and cash equivalents (including restricted amounts)		**42.1**	129.6	166.6
Total current assets		**143.9**	225.4	303.2
Total assets		**1 088.4**	1 135.6	1 307.9
EQUITY AND LIABILITIES				
Equity				
Share capital	8	**88.3**	87.2	87.6
Share premium account	8	**664.0**	661.1	664.0
Foreign currency translation reserve		**(402.3)**	(219.3)	(250.7)
Share-based payment reserve		**16.8**	18.7	21.7
Hedging and other reserves	9	**(17.6)**	(1.6)	(0.8)
Retained earnings		**50.1**	41.5	61.3
Attributable to equity holders of the parent company		**399.3**	587.6	583.1
Non-controlling interest		**29.1**	39.8	39.4
Total equity		**428.4**	627.4	622.5
Liabilities				
Non-current liabilities				
Loans and borrowings	10	**317.0**	121.3	298.2
BEE loans payable	13	**77.3**	94.2	94.0
Provisions		**63.2**	69.8	72.0
Deferred tax liabilities		**96.5**	106.2	113.0
Total non-current liabilities		**554.0**	391.5	577.2
Current liabilities				
Loans and borrowings	10	**37.5**	54.1	28.9
Derivative liability	9	**32.7**	-	6.3
Trade and other payables		**35.8**	62.6	73.0
Total current liabilities		**106.0**	116.7	108.2
Total liabilities		**660.0**	508.2	685.4
Total equity and liabilities		**1 088.4**	1 135.6	1 307.9

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

US$ million	**(Unaudited) 1 July 2015- 31 December 2015**	(Unaudited) 1 July 2014- 31 December 2014	(Audited) 1 July 2014- 30 June 2015
Profit before taxation for the Period	**0.1**	58.6	85.0
Depreciation of property plant and equipment	**24.2**	19.6	38.3
Increase in provisions	**0.5**	0.5	1.5
Financial income	**(1.2)**	(7.7)	(9.8)
Financial expense	**23.0**	11.6	19.2
(Profit) / loss on disposal of property, plant and equipment	**(0.1)**	0.1	0.4
Share based payment provision	**2.4**	2.8	6.6
Operating profit before working capital changes	**48.9**	85.5	141.2
Decrease / (increase) in trade and other receivables	**39.5**	50.2	(12.6)
(Decrease) / increase in trade and other payables	**(13.3)**	(11.9)	11.6
Increase in inventories	**(29.5)**	(19.4)	(7.8)
Cash generated from operations	**45.6**	104.4	132.4
Realised (losses) / gains on foreign exchange contracts	**(4.6)**	1.8	1.3
Finance expense	**(1.5)**	(1.3)	(2.0)
Income tax refund	—	—	1.0
Net cash generated from operating activities	**39.5**	104.9	132.7
Cashflows from investing activities			
Acquisition of property, plant and equipment (including capitalised cash interest paid of US$ 11.5 million (31 December 2014 US$6.6 million; 30 June 2015 US$10.6 million))	**(149.1)**	(126.5)	(267.1)
Loans advanced to BEE partners	**(3.2)**	(5.8)	(6.1)
Repayment from BEE partners	**0.5**	98.3	98.3
Finance income	**0.2**	0.4	1.5
Transfer from restricted cash deposits	—	(0.8)	(1.0)
Net cash utilised in investing activities	**(151.6)**	(34.4)	(174.4)
Cashflows from financing activities			
Proceeds from the issuance of share capital	—	3.8	7.1
Increase in borrowings (net of Bond issue costs of US$nil; 31 December 2014: US$nil; 30 June 2015: US$11.5 million)	**63.3**	66.0	349.2
Dividends paid	**(15.9)**	—	—
Repayment of borrowings	**(33.1)**	(40.4)	(177.3)
Net cash generated from financing activities	**14.3**	29.4	179.0
Net (decrease) / increase in cash and cash equivalents	**(97.8)**	99.9	137.3
Cash and cash equivalents at beginning of the Period	**153.5**	20.2	20.2
Effect of exchange rate fluctuations on cash held	**(25.0)**	(2.4)	(4.0)
Cash and cash equivalents at end of the Period[1]	**30.7**	117.7	153.5

[1] Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US$11.4 million (30 June 2015: US$13.1 million and 31 December 2014: US$11.9 million) and unrestricted cash of US$30.7 million (30 June 2015: US$153.5 million and 31 December 2014: US$117.7 million).

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

(Unaudited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained earnings	Attributable to the parent	Non-controlling interest	Total equity
Six month Period ending 31 December 2015:									
At 1 July 2015	87.6	664.0	(250.7)	21.7	(0.8)	61.3	583.1	39.4	622.5
(Loss) / profit for the Period	—	—	—	—	—	(3.7)	(3.7)	1.5	(2.2)
Other comprehensive expense	—	—	(151.6)	1.3	(16.8)	—	(167.1)	(11.8)	(178.9)
Dividends paid	—	—	—	—	—	(15.9)	(15.9)	—	(15.9)
Transfer between reserves for exercise of employee options and warrants	—	—	—	(8.4)	—	8.4	—	—	—
Equity settled share based payments	—	—	—	2.9	—	—	2.9	—	2.9
Allotments during the Period:									
- LTSP share grants	0.7	—	—	(0.7)	—	—	—	—	—
At 31 December 2015	88.3	664.0	(402.3)	16.8	(17.6)	50.1	399.3	29.1	428.4

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

(Unaudited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained earnings	Attributable to the parent	Non-controlling interest	Total equity
Six month Period ending 31 December 2014:									
At 1 July 2014	86.7	657.8	(178.8)	18.3	2.3	9.8	596.1	35.8	631.9
Profit for the Period	—	—	—	—	—	30.4	30.4	8.7	39.1
Other comprehensive (expense) / income	—	—	(40.5)	(1.7)	(3.9)	—	(46.1)	(4.7)	(50.8)
Transfer between reserves for exercise of employee options and warrants	—	—	—	(1.3)	—	1.3	—	—	—
Equity settled share based payments	—	—	—	3.4	—	—	3.4	—	3.4
Allotments during the Period:									
- Share options exercised	0.2	0.3	—	—	—	—	0.5	—	0.5
- Warrants exercised	0.3	3.0	—	—	—	—	3.3	—	3.3
At 31 December 2014	87.2	661.1	(219.3)	18.7	(1.6)	41.5	587.6	39.8	627.4

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014

(Audited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained earnings	Attributable to the parent	Non-controlling interest	Total equity
12 month Period ending 30 June 2015:									
At 1 July 2014	86.7	657.8	(178.8)	18.3	2.3	9.8	596.1	35.8	631.9
Profit for the year	—	—	—	—	—	48.6	48.6	11.0	59.6
Other comprehensive (expense) / income	—	—	(71.9)	(1.5)	(3.1)	—	(76.5)	(7.4)	(83.9)
Transfer between reserves for exercise of options and warrants	—	—	—	(2.9)	—	2.9	—	—	—
Equity settled share-based payments	—	—	—	7.8	—	—	7.8	—	7.8
Allotments during the Period:									
- Share options exercised	0.6	3.2	—	—	—	—	3.8	—	3.8
- Warrants exercised	0.3	3.0	—	—	—	—	3.3	—	3.3
At 30 June 2015	87.6	664.0	(250.7)	21.7	(0.8)	61.3	583.1	39.4	622.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

Petra Diamonds Limited (the “Company”), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda with its Group management office domiciled in Jersey. The Condensed Consolidated Interim Financial Statements of the Company for the six month period ended 31 December 2015 comprise the Company and its subsidiaries and associates (together referred to as the “Group”).

2. ACCOUNTING POLICIES

The interim results, which are unaudited, have been prepared in accordance with the requirements of International Accounting Standard 34. This condensed interim report does not include all the notes of the type normally included in an annual financial report. This condensed report is to be read in conjunction with the Annual Report for the year ended 30 June 2015, and any public announcements made by the Group during the interim reporting period. The annual financial report for the year ended 30 June 2015 was prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS’s”) and the accounting policies applied in this condensed interim report are consistent with the polices applied in the annual financial report for the year ended 30 June 2015 unless otherwise noted.

Basis of preparation

After a review of the Group’s operations, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements. Further details of the Group’s funding position are included on page 9 of the financial review and in notes 10 and 16.

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2015 do not constitute statutory accounts and have been drawn up using accounting policies and presentation expected to be adopted in the Group’s full financial statements for the year ended 30 June 2016, which are not expected to be significantly different to those set out in note 1 to the Group’s audited financial statements for the year ended 30 June 2015.

The financial information for the year ended 30 June 2015 has been extracted from the statutory accounts for that period. The auditors’ report for the year ended 30 June 2015 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

The financial information for the six months ended 31 December 2014 has been extracted from the unaudited interim results released to 31 December 2014.

New standards and interpretations applied

The IASB has issued no new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 July 2015 which have a material effect on the group

New standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group’s accounting periods beginning after 1 July 2016 or later periods, which the Group has decided not to adopt early or which are yet to be European Union endorsed.

The only standards which are anticipated to be significant or relevant to the Group are IFRS 9 – Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Both standards are effective 1 January 2018. The Group is in the process of assessing the impact of these standards on the Financial Statements.

Significant assumptions and judgements:

The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the interim financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Key estimates and judgements:

Life of mine and ore reserves and resources

There are numerous risks inherent in estimating ore reserves and resources and the associated current life of mine plan. The life of mine plan is the current approved management plan for ore extraction that considers specific resources and associated capital expenditure. The life of mine plan frequently includes less tonnes than the total reserves and resources that are set out in the Group's Reserves and Resources Statement and which management may consider to be economically viable and capable of future extraction.

Management must make a number of assumptions when making estimates of reserves and resources, including assumptions as to exchange rates, rough diamond and other commodity prices, extraction costs, recovery and production rates. Any such estimates and assumptions may change as new information becomes available. Changes in exchange rates, commodity prices, extraction costs, recovery and production rates may change the economic viability of ore reserves and resources and may ultimately result in the restatement of the ore reserves and resources and potential impairment to the carrying value of the mining assets and life of mine plans.

The current life of mine plans are used to determine the ore tonnes and capital expenditure in the impairment tests. Ore reserves and resources, both those included in the life of mine and certain additional tonnes which form part of reserves and resources considered to be sufficiently certain and economically viable, also impacts the depreciation of mining assets depreciated on a unit of production basis. Ore reserves and resources further impact the estimated date of decommissioning and rehabilitation.

Impairment reviews

While conducting an impairment review of its assets using value in use impairment models, the Group exercised judgement in making assumptions about future rough diamond prices, volumes of production, ore reserves and resources included in the current life of mine plans, future development and production costs and macroeconomic factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the 'Consolidated Income Statement' and 'Statement of Financial Position'. The Group prepares value in use impairment models and assesses mining assets for impairment.

Capitalisation of borrowing costs

The Group capitalises effective interest costs (inclusive of fees) to property, plant and equipment when the loans are considered to have been drawn down for the purpose of funding the Group's capital development programmes. Judgement is required in determining the extent to which borrowing costs relate to qualifying capital projects. Bank borrowings were utilised to fund the underground expansion projects. The US$300 million bond raised in FY2015, is being used to fund the new processing plant construction at Cullinan and will fund the completion of the underground expansion projects.

Provision for rehabilitation

Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions. These deal with uncertainties such as the legal and regulatory framework, timing and future costs. In determining the amount attributable to rehabilitation provisions, management used a discount rate range of 7.9%–8.3%, estimated rehabilitation timing of 10 to 50 years and an inflation rate range of 5.9%–6.3%. The Group estimates the cost of rehabilitation with reference to approved environmental plans filed with the local authorities. Reductions in estimates are only recognised when such reductions are approved by local legislation and are consistent with the Group's planned rehabilitation strategy. Increases in estimates are immediately recognised.

Inventory and inventory stockpile

Judgement is applied in making assumptions about the value of inventories and inventory stockpiles, including diamond prices, production grade and expenditure to determine the extent to which the Group values inventory and inventory stockpiles.

Depreciation

Judgement is applied in making assumptions about the depreciation charge for mining assets. The Group depreciates its assets using units of production or straight-line basis depending on its assessment of the most appropriate method for each individual asset. Judgement is applied when using the units of production method in estimating the ore tonnes held in reserves and resources which have sufficient geological and geophysical certainty of being economically viable and which are extractable using existing assets. The relevant reserves and resources includes those included in current approved life of mine plans and, in respect of certain surface and underground shared infrastructure, certain additional resources which also meet these levels of certainty and viability. The Group depreciates its assets according to relevant sections of the orebody over which these will be utilised and a key judgement exists in determining the future production unit assigned to on-mine shared infrastructure which is utilised over more than one section of the orebody or is used to access ore tonnes outside of the current approved life of mine plan. Judgement is also applied when assessing the estimated useful life of individual assets and residual values. The assumptions are reviewed at least annually by management and the judgment is based on consideration of the LOM plans and structure of the orebody and the nature of the assets. The assessment is determined by the Group's capital project teams and geologists.

Pension scheme

The Company operates a defined benefit scheme and a defined contribution scheme. The pension charge or income for the defined benefit scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2015. The most important assumptions made in connection with the scheme valuation and charge or income are the return on the funds, the average yield of South African Government long dated bonds, salary increases, withdrawal rates, life expectancies and the current South African consumer price index.

Post-retirement medical fund

The Company operates a post-employment health care liability scheme. The benefit liability for the post-employment health care liability scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2014. The most important assumptions made in connection with the scheme valuation and charge or income are the health care cost of inflation, the average yield of South African Government long dated bonds and salary increases, withdrawal rates and life expectancies.

Net investments in foreign operations

Management assess the extent to which intra-group loans to foreign operations that give rise to unrealised foreign exchange gains and losses are considered to be permanent as equity or repayable in the foreseeable future. The judgement is based upon factors including the LOM plans, cash flow forecasts and strategic plans. The foreign exchange on permanent equity loans are recorded in foreign currency translation reserve until such time as the operation is sold, whilst the foreign exchange on loans repayable in the foreseeable future are recorded in the Consolidated Income Statement.

3. DIVIDENDS

On 30 November 2015, the shareholders approved at the Annual General Meeting the payment of a maiden dividend of 3.0 US$ cents per share for the year ending 30 June 2015 (US$15.9 million). The dividend was paid during December 2015. No dividends have been declared in respect of the current period under review.

4. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's operating and geographical segments:
Mining – the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.
Exploration – exploration activities in Botswana.
Corporate – administrative activities in Jersey.

Segments are based on the Group's management and internal reporting structure. Management reviews the Group's performance by reviewing the results of the mining activities in South Africa and Tanzania, reviewing the results of exploration activities in Botswana and reviewing the corporate administration expenses in Jersey. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segment results are calculated after charging direct mining costs, depreciation and other income and expenses. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period. Eliminations comprise transactions between Group companies that are cancelled on consolidation. The results are not materially affected by seasonal variations. Revenues are generated from tenders held in South Africa and Antwerp for external customers from various countries, the ultimate customers of which are not known to the Group.

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities				Care and maintenance	Tanzania - Mining activities	Botswana	Jersey	South Africa		
US$ million	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Helam	Williamson	Exploration	Corporate and treasury	Beneficiation[4]	Inter-segment	Consolidated
(6 month period ended 31 December 2015)	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015	1 July 2015 - 31 December 2015
Revenue	25.0	75.2	9.9	15.5	0.1	29.5	—	—	0.2	(1.4)	154.0
Segment result[1]	(7.6)	34.1	(0.3)	1.3	(1.3)	4.8	(2.0)	(6.1)	(0.2)	(1.5)	21.2
Other direct income	0.1	—	0.1	—	(0.1)	0.2	—	—	—	0.4	0.7
Operating profit / (loss)[2]	(7.5)	34.1	(0.2)	1.3	(1.4)	5.0	(2.0)	(6.1)	(0.2)	(1.2)	21.9
Financial income											1.2
Financial expense											(23.0)
Income tax expense											(2.3)
Non-controlling interest											(1.5)
Loss attributable to equity holders of the parent company											(3.7)
Segment assets	473.9	271.3	170.1	76.4	7.3	158.9	1.7	2 396.8	6.2	(2 474.2)	1 088.4
Segment liabilities	331.4	217.5	171.3	90.3	41.7	267.8	43.3	1 290.7	6.4	(1 800.4)	660.0
Capital expenditure	84.5	32.6	15.3	7.8	0.8	9.7	—	2.2	—	(0.8)	151.3

[1] Total depreciation of US$24.2 million included in the segmental result, comprises depreciation incurred at Finsch US$5.9 million, Cullinan US$10.7 million, Koffiefontein US$1.8 million, Kimberley Underground US$2.3 million, Williamson US$2.7 million, Helam US$0.4 million, Exploration US$0.1 million and Corporate administration US$0.3 million.

[2] Operating profit is equivalent to revenue of US$154.0 million less total costs of US$132.1 million as disclosed in the Consolidated Income Statement.

[3] Capital expenditure at Helam includes work-in-progress of US$0.8 million (30 June 2015: US$0.2 million and 31 December 2014: US$0.4 million) in respect of the manufacture of plant and equipment for other mines within the Group.

[4]The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities				Care and maintenance	Tanzania - Mining activities	Botswana	Jersey	South Africa		
US$ million	**Cullinan**	**Finsch**	**Koffiefontein**	**Kimberley Underground**	**Helam**	**Williamson**	**Exploration**	**Corporate and treasury**	**Beneficiation[4]**	**Inter-segment**	**Consolidated**
(6 month period ended 31 December 2014)	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014	1 July 2014 - 31 December 2014
Revenue	77.7	77.3	7.1	18.1	1.2	34.6	—	—	—	(1.2)	214.8
Segment result[1]	41.2	30.2	(6.0)	3.6	(2.3)	4.3	(2.4)	(7.5)	—	0.4	61.5
Other direct income	0.1	0.5	0.1	—	(0.2)[3]	0.3	—	—	—	0.2	1.0
Operating profit / (loss)[2]	41.3	30.7	(5.9)	3.6	(2.5)	4.6	(2.4)	(7.5)	—	0.6	62.5
Financial income											7.7
Financial expense											(11.6)
Income tax expense											(19.5)
Non-controlling interest											(8.7)
Profit attributable to equity holders of the parent company											30.4
Segment assets	542.4	349.1	149.6	88.3	6.6	140.6	2.0	1 981.9	1.6	(2 126.5)	1 135.6
Segment liabilities	286.7	237.5	147.5	108.4	49.2	255.9	38.2	838.3	(1.6)	(1 455.1)	508.2
Capital expenditure	54.0	39.5	13.5	5.9	0.5[3]	5.9	0.8	5.1	—	—	125.2

[1] Total depreciation of US$19.6 million included in the segmental result, comprises depreciation incurred at Finsch US$6.9 million, Cullinan US$4.7 million, Koffiefontein US$2.1 million, Kimberley Underground US$2.3 million, Williamson US$2.7 million, Fissure Mine US$0.3 million, Exploration US$0.1 million and Corporate administration US$0.5 million.

[2] Operating profit is equivalent to revenue of US$214.8 million less total costs of US$152.3 million as disclosed in the Consolidated Income Statement.

[3] Capital expenditure at Helam includes work-in-progress of US$0.4 million in respect of the manufacture of plant and equipment for other mines within the Group.

[4]The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities				Care and maintenance	Tanzania - Mining activities	Botswana	Jersey	South Africa		
US$ million	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Helam	Williamson	Exploration	Corporate and treasury	Beneficiation[4]	Inter-segment	Consolidated
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Revenue	122.2	185.4	17.8	41.8	1.2	62.1	—	—	0.5	(6.0)	425.0
Segment result[1]	41.9	82.2	(8.4)	2.6	(3.8)	(1.4)	(5.8)	(13.1)	—	(2.0)	92.2
Other direct income	0.1	0.6	0.3	(0.1)	0.1	1.2	—	—	—	—	2.2
Operating profit/(loss)[2]	42.0	82.8	(8.1)	2.5	(3.7)	(0.2)	(5.8)	(13.1)	—	(2.0)	94.4
Financial income											9.8
Financial expense											(19.2)
Income tax expense											(25.4)
Non-controlling interest											(11.0)
Profit attributable to equity holders of the parent company											48.6
Segment assets	661.6	331.7	173.5	96.6	7.9	141.9	2.7	2 810.3	7.4	(2 925.7)	1 307.9
Segment liabilities	411.9	287.8	173.7	112.2	50.0	259.2	41.9	1 561.8	7.4	(2 220.5)	685.4
Capital expenditure	121.5	88.0	26.8	13.9	0.5[3]	16.2	0.9	6.2	0.1	—	274.1

[1] The segment result includes total depreciation of US$38.3 million, comprising depreciation incurred at Cullinan US$10.6 million, Finsch US$13.5 million, Koffiefontein US$2.5 million, Kimberley Underground US$4.8 million, Helam US$0.7 million, Williamson US$5.5 million, Exploration US$0.1 million and Corporate administration US$0.6 million.

[2] Operating profit is equivalent to revenue of US$425.0 million less total operating costs of US$330.6 million as disclosed in the Consolidated Income Statement.

[3] Capital expenditure at Helam includes work in progress of US$0.2 million in respect of the manufacture of plant and equipment for other mines within the Group.

[4]The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

US$ million	**1 July 2015 - 31 December 2015**	1 July 2014 - 31 December 2014	1 July 2014 - 30 June 2015
5. CORPORATE EXPENDITURE			
Auditors' remuneration			
- Audit services[1]	**0.6**	0.8	0.7
- Audit related services[2]	—	—	0.1
- Non-audit services	—	—	—
Depreciation of property, plant and equipment	**0.3**	0.5	0.7
London Stock Exchange and other regulatory expenses	**0.6**	0.7	1.6
Other charges	**1.4**	1.1	2.4
Share-based expense - Directors	**1.0**	1.1	2.5
Share-based expense – Senior Management	**0.2**	0.3	0.4
Other staff costs	**2.0**	3.0	4.7
Total staff costs	**3.2**	4.4	7.6
	6.1	7.5	13.1

[1] Audit fees for the period ended 31 December 2015 stated above refer to fees for the FY 2015 audit.

[2] Audit-related services of US$0.1 million for the FY2015 are in respect of the interim review. A further US$0.4 million fees in FY2015 are in respect of the issue of the US$300 million bond which were capitalised under non-current loans and borrowings.

6. FINANCING EXPENSE

US$ million	**1 July 2015 - 31 December 2015**	1 July 2014 - 31 December 2014	1 July 2014 - 30 June 2015
Interest received on BEE loans and other receivables	**1.0**	5.5	7.0
Interest received bank deposits	**0.2**	0.4	1.5
Realised foreign exchange gains	**—**	1.8	1.3
Financial income	**1.2**	7.7	9.8
Gross interest on bank loans and overdrafts	**(13.0)**	(7.9)	(16.7)
Interest on bank loans and overdrafts capitalised	**11.5**	6.6	14.7
Net interest expense on bank loans and overdrafts	**(1.5)**	(1.3)	(2.0)
Other debt finance costs, including BEE loan interest and facility fees	**(6.0)**	(5.3)	(10.8)
Unwinding of present value adjustment for rehabilitation costs	**(2.4)**	(1.2)	(3.2)
Net unrealised foreign exchange losses	**(8.5)**	(3.7)	(3.2)
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	**(4.6)**	(0.1)	—
Financial expense	**(23.0)**	(11.6)	(19.2)
Net financial expense	**(21.8)**	(3.9)	(9.4)

7. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Period is a decrease of US$56.3 million (30 June 2015: US$129.7 million and 31 December 2014: US$40.0 million). This is primarily as a result of an increase in property, plant and equipment from capital expenditure of US$151.3 million (30 June 2015: US$274.1 million and 31 December 2014: US$125.2 million), which is off-set by the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on Rand based assets of US$183.9 million (30 June 2015: US$105.0 million decrease and 31 December 2014: US$64.5 million decrease), depreciation of US$24.2 million (30 June 2015: US$38.3 million and 31 December 2014: US$19.6 million), increase in rehabilitation asset of US$0.7 million (30 June 2015: US$0.3 million increase and 31 December 2014: US$nil) and assets of US$0.2 million (30 June 2015: US$1.4 million and 31 December 2014: US$1.1 million) disposed of during the Period.

8. SHARES ISSUED

Allotments during the Year were in respect of:

(i) the award to the Executive Directors of 683,013 ordinary shares granted under the 2012 Performance Share Plan, in receipt of performance measured over the period 1 July 2012 to 30 June 2015;

(ii) the award to the Executive Directors of 510,000 ordinary shares granted under the 2011 Long-Term Share Plan, in receipt of performance measured over the period 1 July 2012 to 30 June 2015; and

(iii) the award to the Senior Management of 3,463,750 ordinary shares granted under the 2011 Long-Term Share Plan, in receipt of performance measured over the period 1 July 2012 to 30 June 2015;

Further details with regards to the Group's share plans are provided in the Company's 2015 Annual Report.

9. Hedging and other reserves

In certain cases the Group classifies its forward currency contracts, which hedge highly probable forecast transactions, as cashflow hedges. Where this designation is documented, and the hedge relationship is highly effective when tested positively and retrospectively, changes in fair value of the forward currency contracts are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the Consolidated Income Statement.

During the Period, the Group designated 'cap and collar' foreign currency contracts as cashflow hedges. The risk being hedged is the volatility in the South African Rand and US Dollar exchange rates affecting the proceeds in South African Rand of the Group's US Dollar denominated diamond tenders. The fair value of the Group's hedges as at 31 December 2015 are based on Level 2 mark-to-market valuation performed by the counterparty financial institutions. The contracts mature within the next 12 months.

An unrealised loss of US$16.8 million has been recorded in other comprehensive income in respect of the intrinsic value of certain of the contracts. An unrealised loss of US$15.8 million is included in the Consolidated Income Statement. These amounts have arisen due to the South African Rand depreciating against the US Dollar from US$/R12.16 (30 June 2015) to US$/R15.46 (31 December 2015).

10. LOANS AND BORROWINGS

US$ million	**1 July 2015 - 31 December 2015**	1 July 2014 - 31 December 2014	1 July 2014 - 30 June 2015
Non-current liabilities			
Loans and borrowings – Senior secured lender debt facilities	**51.2**	121.3	33.5
Loans and borrowings – Senior secured second lien notes	**265.8**	—	264.7
	317.0	121.3	298.2
Current liabilities			
Loans and borrowings – Senior secured lender debt facilities	**12.7**	54.1	1.5
Loans and borrowings – Senior secured second lien notes	**24.8**	—	27.4
	37.5	54.1	28.9

Total loans and borrowings - bank facilities	**354.5**	175.4	327.1

a) Senior Secured Lender Debt Facilities

In May 2015, the Group's banking partners Absa Corporate and Investment Banking ("Absa"), FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), IFC, Nedbank Limited, Bank of China Limited and Sanlam Life Insurance Limited (together the Petra Group Lenders) agreed to increase the Group's debt and hedging facilities as detailed in the table below:

Amended Senior Lender Debt Facilities	**13 May 2015 Facility amount**	**24 October 2014 Facility amount**
ZAR Debt Facilities:		
ZAR Lenders Amortising term facility (ATF)	R800 million	R800 million
ZAR Lenders Revolving credit facility (RCF)	R1,500 million	R500 million
ZAR Lenders Working capital facility (WCF)	R500 million	R500 million
Absa/RMB – FX Hedging facilities	R400 million	R400 million
US$ Debt Facilities:		
IFC – Amortising term facility (ATF)	US$35 million	US$35 million
IFC – Revolving credit facility (RCF)	US$25 million	US$25 million

As part of the increase in the Group's debt and hedging facilities, the repayment terms and interest rates were amended in May 2015. The amended terms and conditions are detailed in the Company's FY 2015 Annual Report.

The facilities are secured on the Group's interests in Finsch, Cullinan, Koffiefontein, Kimberley Underground and Williamson.

Refer the Finance Results section within the CEO's Review for discussion with regards to covenants and these debt facilities and note 16 for details of subsequent events.

b) US$300 million Senior Secured Second Lien Notes

In May 2015, a subsidiary of the Company issued debt securities consisting of US$300 million five-year senior secured second lien loan notes ("the Notes"), with a maturity date of 31 May 2020. The Notes carry a coupon of 8.25% per annum, which is payable semi-annually in arrears on 31 May and 30 November of each year, beginning on 30 November 2015. The Notes were issued by Petra Diamonds US$ Treasury Plc, a wholly owned subsidiary of the Company. The Notes are guaranteed by the Company and by the Group's material subsidiaries and are secured on a second–priority basis on the assets of the Group's material subsidiaries. The Notes are listed on the Irish Stock Exchange and traded on the Global Exchange Market. On or after 31 May 2017, the Company has the right to redeem all or part of the Notes, details of which are included in the FY 2015 Annual Report.

Proceeds from the Notes were used to repay (without cancelling) amounts outstanding under certain of the Company's existing bank loan facilities and to pay fees and expenses associated with the issue of the Notes. The balance of the funds from the Notes, together with future drawdowns from the Company's bank loan facilities, are being used to fund the construction of the modern processing plant at Cullinan and to further the Group's expansion projects.

Further details about the Notes (including security) is included in the FY 2015 Annual Report.

11. COMMITMENTS

As at 31 December 2015, the Company has committed to future capital expenditure totalling US$102.8 million (30 June 2015: US$59.7 million and 31 December 2014: US$160.9 million), mainly comprising Cullinan US$71.2 million (30 June 2015: US$29.3 million and 31 December 2014: US$116.7 million), Finsch US$11.8 million (30 June 2015: US$8.3 million and 31 December 2014: US$25.2 million), Koffiefontein US$8.1 million (30 June 2014: US$14.1 million and 31 December 2014: US$7.6 million), Kimberley

Underground US$1.9 million (30 June 2015: US$1.6 million and 31 December 2014: US$4.3 million) and Williamson US$9.8 million (30 June 2015: US$7.0 million and 31 December 2014: US$6.8 million).

12. RELATED PARTY TRANSACTIONS

The Group's related party BEE partners, Senakha Diamonds Investments (Pty) Ltd ("Senakha"), Thembinkosi Mining Investments (Pty) Ltd ("Thembinkosi"), Re-Teng Diamonds (Pty) Ltd ("Re-Teng Diamonds") and Sedibeng Mining (Pty) Ltd ("Sedibeng Mining") and their gross interests in the mining operations of the Group are disclosed in the table below.

Mine	Partner and respective interest (%)
Finsch	Senakha (21%)
Cullinan	Thembinkosi (14%)
Koffiefontein	Re-Teng Diamonds (30%)
Kimberley Underground	Sedibeng Mining (26%)
Helam	Sedibeng Mining (26%)

The non-current loans receivable, non-current loans payable, finance income and finance expense due from and due to the BEE partners and other related parties are disclosed in the table below:

US$ million	**1 July 2015 - 31 December 2015**	1 July 2014 - 31 December 2014	1 July 2014 - 30 June 2015
Non-current receivable			
Re-Teng Diamonds	**0.6**	0.8	0.8
Sedibeng Mining	**15.5**	19.1	18.9
Senakha[2]	**2.0**	2.2	2.2
Thembinkosi[1&2]	**2.3**	2.2	2.3
	20.4	24.3	24.2
Non-current payable			
Re-Teng Diamonds	—	—	—
Sedibeng Mining	**2.3**	2.2	2.5
Senakha[2]	**31.5**	38.2	38.3
Thembinkosi[1&2]	**19.7**	24.6	24.4
	53.5	65.0	65.2
Finance income			
Re-Teng Diamonds	**—**	—	—
Sedibeng Mining	**0.8**	0.8	1.6
Senakha[2]	**0.1**	1.8	1.7
Thembinkosi[1&2]	**0.1**	1.2	1.2
	1.0	3.8	4.5
Finance expense			
Re-Teng Diamonds	**—**	—	—
Sedibeng Mining	**—**	0.3	0.8
Senakha[2]	**2.0**	2.1	4.2
Thembinkosi[1&2]	**1.0**	1.1	2.2
	3.0	3.5	7.2

[1] Umnotho weSizwe Group (Pty) Ltd ("Umnotho"), holds a 36% interest in Thembinkosi. Mr Abery is a director of Umnotho. Mr Pouroulis, the J.D Family Trust (a connected party to Mr Dippenaar) and Mr Abery are beneficiaries of a trust that is a shareholder in Umnotho.

[2] Included in non-current receivables and payables are amounts advanced during the Period of US$3.2 million (30 June 2015: US$6.1 million and 31 December: 2014 US$5.8 million) and an accrual of US$1.1 million (30 June 2015: US$2.4 million and 31 December: 2014 US$2.4 million).

13. BEE LOANS RECEIVABLE AND PAYABLE

US$ million	**1 July 2015 - 31 December 2015**	1 July 2014 - 31 December 2014	1 July 2014 - 30 June 2015
Non-current assets			
Loans and other receivables	**26.2**	29.4	29.6
Non-current liabilities			
Trade and other payables	**77.3**	94.2	94.0

The non-current BEE loans and receivables and BEE payables represent those amounts receivable from and payable to the Group's BEE partners (Thembinkosi, Senakha, Re Teng Diamonds, Sedibeng Mining and the Itumeleng Petra Diamonds Employee Trust ("IPDET")) in respect of financing their interests in the Finsch, Cullinan, Koffiefontein and Kimberley Underground mines.

In November 2014 the Company and its Black Economic Empowerment partners in the Finsch and Cullinan mines (the "BEE Partners") entered into agreements with Absa and RMB (together the "BEE Lenders"). Under the agreements, the BEE Lenders directly financed the BEE Partners in respect of the non-current loans and other receivables due to Petra of R1,078 million (US$98.3 million) relating to the original acquisition of the BEE Partners' interests in Finsch and Cullinan. In December 2014 the BEE partners drew down the full funds of R1,078 million (US$98.3 million) from the BEE Lenders and transferred this amount to Petra in settlement of their loans. Petra provided surety to Absa and RMB for the loan should the BEE Partners' default on repayment. The covenant measurement as 31 December 2015 with regard to the BEE Partners loans was waived by the BEE Lenders in November 2015. Refer the Finance Results section within the CEO's Review for discussion with regards to covenants and debt facilities.

14. EARNINGS PER SHARE

	Total 31 December 2015 US$	Total 31 December 2014 US$	Total 30 June 2015 US$
Numerator			
(Loss) / profit for the Period	**(3,744,424)**	30,453,027	48,624,018
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
As at 1 July	**518,138,799**	512,110,048	512,110,048
Effect of shares issued during the Period	**2,137,531**	491,323	1,882,544
As at 31 December	**520,276,330**	512,601,371	513,992,592
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**—**	16,307,395	14,879,891

Weighted average number of ordinary shares in issue used in diluted EPS	**520,276,330**	528,908,766	528,872,483

	US$ cents	US$ cents	US$ cents
Basic (loss) / profit per share – US$ cents	**(0.72)**	5.94	9.46
Diluted (loss) / profit per share – US$ cents	**(0.72)**	5.76	9.19

Due to the Group's loss for the Period, the diluted loss per share is the same as the basic loss per share. In the current period, the number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes is 12,838,321 (30 June 2015: 14,879,891 and 31 December 2014: 16,307,395). These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share. There have been no significant post balance sheet changes to the number of options to impact the dilutive number of ordinary shares.

15. ADJUSTED EARNINGS PER SHARE

In order to show earnings per share from operating activities on a consistent basis, an adjusted earnings per share is presented which excludes certain items as set out below. It is emphasised that the adjusted earnings per share is a non-GAAP measure. The Petra Board considers the adjusted earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Total 31 December 2015 US$	Total 31 December 2014 US$	Total 30 June 2015 US$
Numerator			
(Loss) / profit for the Period	**(3,744,424)**	30,453,027	48,624,018
Adjustments:			
Net unrealised foreign exchange loss (note 6)	**8,532,999**	3,701,488	3,245,904
Adjusted profit for the Period	**4,788,575**	34,154,515	51,869,922
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
As at 1 July	**518,138,799**	512,110,048	512,110,048
Effect of shares issued during the Period	**2,137,531**	491,323	1,882,544
As at 31 December	**520,276,330**	512,601,371	513,992,592
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**12,838,321**	16,307,395	14,879,891
Weighted average number of ordinary shares in issue used in diluted EPS	**533,114,651**	528,908,766	528,872,483
	US$ cents	US$ cents	US$ cents
Adjusted basic profit per share – US$ cents	**0.92**	6.66	10.09
Adjusted diluted profit per share – US$ cents	**0.90**	6.46	9.81

16. SUBSEQUENT EVENTS

(i) On 1 December 2015, Petra announced that it had entered into an agreement with De Beers Consolidated Mines Proprietary Limited to acquire, in a consortium with Ekapa Mining (Pty) Ltd (an established Kimberley-based diamond tailings producer) (Ekapa), a 49.9% interest in the Kimberley Mines in South Africa as a going concern. The trade, assets and certain liabilities of the Kimberley Mines were acquired by a new company formed by the consortium. The total consideration was ca. US$7.2 million (ZAR102 million) paid in cash, Petra's share being ca. US$3.6 million (ZAR50.9 million). The transaction brings to the Petra and Ekapa consortium a number of tailings deposits in the Kimberley area, as well as a 6 Mtpa 'state-of-the-art' processing plant, and provides the opportunity to ensure a sustainable future for the diamond mining industry in Kimberley.

The transaction completed on 18 January 2016 and Petra's 49.9% share in the earnings from the Kimberley Mines production will be included within Petra's results from that date.

(ii) On 17 February 2016, Petra and the Petra Group Lenders entered into an agreement whereby Sanlam Life Insurance Limited left the lender group as a participant in the ZAR Amortizing Facility, and therefore their share of the Amortizing Facility of ZAR135 million was removed from the Petra's bank facilities. As of 17 February 2016 Petra senior lender ZAR facilities were therefore reduced from ZAR2,800 million to ZAR2,665 million. Over the next few months Petra will be working with its bankers to replace the ZAR135 million of Sanlam's facilities, such amount being taken up by one of more of the other current lenders. The lower ZAR facilities in the interim does not materially affect Petra's funding headroom.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the Condensed Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

(b) the Interim Management Report includes a fair review of the information required by FCA's Disclosure and Transparency Rules (DTR 4.2.7 R and 4.2.8 R).

By order of the Board

Johan Dippenaar
Chief Executive Officer

David Abery
Finance Director

INDEPENDENT REVIEW REPORT TO PETRA DIAMONDS LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim results for the six months ended 31 December 2015 ("half-yearly financial report") which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, the consolidated statement of cashflows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
Location: United Kingdom
Date: 22 February 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).